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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000293

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TAGS: [ETRD](#) [EAGR](#) [ECON](#) [EINV](#) [KIPR](#) [TW](#)
SUBJECT: AIT DIRECTOR OUTLINES TRADE AGENDA WITH MOEA
MINISTER CHEN

REF: 2007 TAIPEI 134

Classified By: AIT Economic Officer Matthew O'Connor for reasons 1.4 (b)
) and (d)

Summary

11. (C) On March 4, Director met with Minister of Economic Affairs Steve Ruey-long Chen to review the bilateral trade relationship and the TIFA agenda. Chen observed that the U.S.-Taiwan economic and political relationship has been strained for the past year, but expressed hope that after the March 22 presidential election, the two sides will be able to get back on track by resolving beef and pork market-access problems, expanding the topics covered by the Trade and Investment Framework Agreement (TIFA), and starting Bilateral Investment Agreement negotiations. Chen reiterated Taiwan's goal of signing a Free Trade Agreement (FTA) with the U.S. He also showed some frustration with what he sees as the United States' lack of appreciation for Taiwan's improvements in IPR enforcement in recent years. End Summary.

Progress on Beef and Pork Likely After Elections

12. (C) The Director, acknowledging that MOEA is not the lead ministry on the issue of beef and pork import restrictions, nonetheless solicited Chen's views on short-term future developments. Chen described the difficult domestic political environment that the Taiwan authorities are facing regarding the full re-opening of the Taiwan market to U.S. pork and beef exports, but said several times that after the March 22 election, progress on these two issues "will be very likely." He said that domestic pork farmers have been very aggressive in intimidating the Ministry of Health, and predicted that once the presidential election is out of the way, the authorities will have enough political breathing room to take concrete steps to re-open the Taiwan market to U.S. meat.

TIFA: July OK, How About More Topics?

13. (SBU) John Deng, Chief Negotiator in the MOEA's Office of Trade Negotiations, affirmed that Taiwan believes keeping to a July timeframe for the next TIFA meeting is very important. He also suggested that the two sides should expand the range

of topics covered under TIFA, both to reinvigorate the process and to bring in topics of more direct interest to the business communities on both sides. Deng specifically mentioned eCommerce and trade facilitation as two possible areas to add to the talks, though he emphasized that Taiwan would welcome any topics that would help the U.S. and Taiwan business communities.

BIA: Let's Move Forward Now

14. (SBU) Deng reiterated Taiwan's desire to start BIA negotiations soon instead of waiting for the Taiwan side to reduce its list of non-conforming measures (NCMs). He claimed that it would be "more efficient" to start the negotiating process first and then work with Taiwan's various agencies to reduce the scope of Taiwan's NCMs. Deng pointed out that this approach was very effective when Taiwan decided to start FTA talks with Panama. During those talks, Deng said, after the two sides sat down at the table and began negotiation on trouble areas, the relevant Taiwan ministries were more willing to be flexible to the other side's demands.

He also complained that, if Taiwan takes care of these U.S. concerns before negotiations even start, Taiwan will have nothing left to bargain with. Deng suggested that, at the very least, the U.S. side should immediately identify the specific NCM sectors it is most interested in having Taiwan reduce, so that the two sides can deal with these areas first with an eye toward launching official BIA talks during the July TIFA.

FTA Still the Goal

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15. (C) Although Chen and Deng are both clearly interested in launching BIA talks as soon as possible, they also reiterated the Taiwan authorities' long-standing desire to launch FTA talks with the United States. They said that they understand and appreciate the political difficulties that FTA talks would face--both domestically in the United States and between the United States and China--but also believe that these difficulties can be overcome.

Frustration on IPR

16. (SBU) Chen complained that despite all of the progress that Taiwan has made on increasing enforcement of intellectual property rights in Taiwan, the United States never seems to give Taiwan any credit. He said that on the Taiwan side, the impression is that the United States always moves the goalposts for Taiwan. He compared this to discussions about a possible bilateral FTA, and said that as soon as Taiwan moves to address U.S. preconditions for trade talks, the United States always seems to come up with new preconditions for Taiwan to meet.

Cross-Strait Relations

17. (C) When talk turned to the possible post-election opening of direct flights between Taiwan and the PRC, Director urged Taiwan to ensure that third-country passengers and even third-country carriers be considered. Chen responded that China has consistently displayed an inflexible attitude toward allowing foreign carriers--and possibly even foreign passengers--to serve any new routes that may open under a Frank Hsieh or Ma Ying-jeou administration. He lamented that the PRC has also taken an inflexible position about sovereignty-related language in the WTO plurilateral government procurement agreement (GPA) (reftel), and reiterated the Chen administration's position that accepting the current footnote reference with implications for Taiwan's sovereignty is an unacceptable embarrassment to Taiwan.

Transitions

18. (C) Chen expressed hope that the upcoming transition between presidential administrations in Taiwan would go more smoothly than in 2000, and said the Chen administration is committed to "doing it better" than the last time. He said he is 100 percent sure that, despite his long history as an MOEA civil servant and good connections with both the DPP and KMT, the next administration in Taiwan will ask him to step down from his position as soon as the next presidential term begins. He seemed to take it for granted that KMT candidate Ma Ying-jeou will win the election, and simply said that there are too many "hungry people" in the KMT who have contributed money and time to Ma's election and will expect positions like his as their due. He would not speculate on his future post-Chen administration, saying only that it will be time for him to "take a break."

Comment

19. (C) Steve Chen's steady rise within the KMT-dominated economic and trade sector did not falter when the DPP took power for the first time in 2000. Given his personal ties to KMT economic heavyweights like current Vice Presidential candidate Vincent Siew and former CEPD Chairman P.K. Chiang, you would think he might still find a place on the next administration if Ma Ying-jeou wins. Yet Chen offered persuasive arguments against that proposition. If Ma does prevail, it will be interesting to see just how deep personnel changes go. Chen and John Deng would be good places to watch.
YOUNG